

Louisiana Property and Casualty  
Insurance Commission  
Louisiana Department of Insurance  
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Louisiana Property and Casualty  
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Bringing Insurers Back to Louisiana

In the January 26th *Insurance Journal*, an article titled “Mission Possible: Bringing Insurers Back to Louisiana”, addressed the issue of a better insurance climate in the state. Insurance Commissioner Robert Wooley and two of Louisiana’s agents associations, the Professional Insurance Agents of Louisiana (PIA-Louisiana) and the Independent Insurance Agents and Brokers of Louisiana (IIABL) , are working hard to entice insurance companies to the state.

Some of the regulatory and legislative changes that make it easier for insurers to conduct business in Louisiana include: the flex band rating system, the creation of the Louisiana Citizens Property Insurance Corporation, which operates the FAIR and Coastal Plans, credit scoring legislation, and workers’ comp file and use. These reforms are expected to provide incentives for companies to take a second look at the state.

The PIA-Louisiana has developed a presentation, *A Better Louisiana*, showing the state as an outstanding environment for business operations. The group plans to attend many national industry meetings and conferences. One-on-one meetings will also be arranged with companies that want to hear more. The PIA-Louisiana has around 300 agency members and about 150 insurance companies members.

The IIABL has created a Markets Task Force and completed “an executive summary” brochure describing the positive changes in the Louisiana market over the years. The task force has 10 to 15 road trips planned this year to set the stage for markets to come into the state in 2005. The IIABL has 360 agency members.

Commissioner Wooley plans to be very active in 2004, taking the state’s message of reform to insurers throughout the country. “Traveling with me will be legislators, members of the governor’s staff and independent agents. We will act as a Chamber of Commerce for the Louisiana industry, to let insurance companies know why Louisiana is now becoming a good place to do business,” Wooley said.<sup>1</sup>

Louisiana Property and Casualty Insurance Commission -Monthly Report

- ◆ *The Monthly Report* is the newsletter of the Louisiana Property and Casualty Insurance Commission, Louisiana Department of Insurance, 1702 N. 3rd Street, 3rd Floor, P.O. Box 94214, Baton Rouge, LA 70804-9214 225-342-7187 (PH) 225-342-6057 (FX)

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- LA Property & Casualty Insurance Commission Staff**

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- ◆ The Louisiana Property and Casualty Insurance Commission was created by the enactment of R.S. 22:15 in the 2001Regular Session of the Louisiana Legislature to review and examine the availability and affordability of property and casualty insurance in the state of Louisiana. The commission will also undertake a comprehensive study and provide oversight and enforcement recommendations of the effectiveness of law enforcement and implementation of programs aimed at enforcement throughout the state of those laws and programs which affect property and casualty insurance rates.

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Source 1: *Insurance Journal*-Texas/South Central. January 26, 2004.

## January Commission Meeting

The Louisiana Property and Casualty Insurance Commission met on January 29th to discuss three important issues, which included an update on the Louisiana Citizens Property Insurance Corporation, lowering the jury trial threshold and repealing the direct action statute.

Mr. Terry Lisotta, Executive Director, and Ms. Caryl Mathes, Director of Plan of Operations, presented an update on the Louisiana Citizens Property Insurance Corporation. Mr. Lisotta reported that the FAIR and Coastal Plans have been put under the Citizens’ board, effective January 1st. The management is working on a resolution to get newly constituted governing committees of the old FAIR and Coastal plans in place by February 19th, to handle the run-off. Some of the statistics given were: total written policies in 2002 increased by 12,000 and in 2003, the increase was 40,000. Direct written premiums for 2002 showed a 39 percent increase with a 71 percent increase in 2003. In 2002, total exposure increased 24 percent and 2003, the increase was 65 percent.

Ms. Mathes reported the Citizens Corporation was operational on January 1st, expecting to have between 7,500 to 9,000 policies in force by the end of the month. Four million dollars in premium had been written as of January 23rd. A plan of operations was presented to the House and Senate Insurance Committees, which received final approval on December 4, 2003. The management is working on the rate structure and the request for proposals for service provider functions. Also, the completion of the [www.lacitizens.com](http://www.lacitizens.com) website is expected in the near future.

The issue of lowering the jury trial threshold was presented to the commission by Chuck McMains, representing the Property Casualty Insurers, and Dave Cagnolatti, State Government Affairs Manager, with Conoco-Phillips, in support of the proposal. Judge Bob Morrison, representing the Louisiana District Judges Association, and Dan Garrett, association counsel for the Police Jury Association of Louisiana, Inc., spoke in opposition.

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The following major points about lowering the jury trial threshold were made by the presenters:

- Mr. McMains reported that the insurance industry believes this is the top issue in addressing some of the remaining problems that lead to higher utilization and higher insurance rates in Louisiana. The jury treshold is the highest in the United States at \$50,000. Thirty-six states have no jury threshold, which represents the norm.
- Mr. Cagnolatti gave a defendant’s perspective that deals with many claims being tied together, arising from the same incident, exposing a company to potential major losses with no access to a jury under the present law.
- Judge Morrison’s major concern was docket and space management. In many areas of the state, there are actual physical problems with the available facilities.
- Mr. Garrett stated that cost was the issue. As an example, he reported that the cost in a four-day jury trial for the East Feliciana Parish Clerk’s Office was over \$8,000 for the jurors alone. The added cost impacts parish government with the allocation of revenues for roads, drainage, and maintenance that is the responsibility of that body.

In support of repealing the direct action statute, Mr. Kevin Cunningham, representing American Insurance Association, and Mr. Kevin Cole, representing the Surplus Lines Association, made presentations to the commission.

- Mr. Cunningham reported that insurers considering doing business in Louisiana take into consideration the culture, the regulatory environment , and the legal environment. Insurance companies develop templates of familiarity, and the direct action issue falls outside of that area. Mr. Cunningham also brought up the issue of excess claims, saying Louisiana is in the top ten in the category of claims made although no injury exists. He also noted the state ranks in the top three with bodily injury claims per accident.
- Mr. Cole stated it was just a matter of fairness. He believes that juries view a case in a different light when an insurance company is at the defense table. The jury is often swayed more when they think money is coming from a company and not an individual. Direct action unfavorably distinguishes Louisiana from the rest of the nation. He stated it is a matter of perception from an insurance company’s viewpoint.

Louisiana Property and Casualty Insurance Commission Members		
Commissioner Robert Wooley		Tom O’Neal
Jeff Albright		Theodore “Ted” Haik, Jr.
Col. Jim Champagne	Representative Shirley Bowler	Aubrey T. Temple, Jr.
Chuck McMains	Representative Dan Morrish	Dan Boudreaux
Terry Lisotta	Earl Taylor	Richard Clements
H. Marcus Carter	Kay Hodges	Chad Brown